

FAIRWAY

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May 2, 2011

Ms. Jennifer J. Johnson, Secretary,
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551.

RE: Docket No. R- 1417 and RIN No. AD 7100 AD 75

Dear Ms. Johnson:

Thank you for the opportunity to comment on the Federal Reserve Board's proposal that a creditor making a consumer loan evaluate a borrower's ability to repay using 8 factors.

It is my strong belief that factor 8, the borrower's "Credit History", should be removed from the list of factors.

Firstly, "Credit History" is not clearly defined. I understand that "Credit History" is purposely not defined precisely to allow creditors flexibility in deciding how to implement a standard for "Credit History" analysis. The intentions of the Federal Reserve Board may be good, but we all know that in the real world, the definition will be determined by the courts, after a series of protracted and expensive legal battles between creditors and class action attorneys representing debtors.

Secondly, it should not be the responsibility of a creditor to evaluate a borrower's willingness to pay. A creditor may do so if it deems it appropriate, but it should not be required. It should be enough that the creditor has reasonably determined the borrower's ability to repay based upon the other 7 factors. Borrowers need to have responsibilities too, and it should be the responsibility of the borrower not to take out a loan if he knows he is unwilling to repay it.

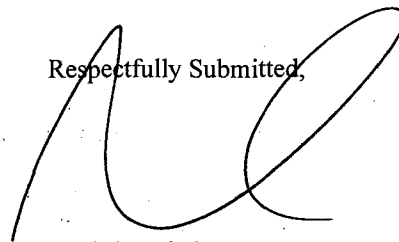
Thirdly, if "Credit History" is ultimately included in the list of 8 factors, I have no doubt that, for the tens of millions of Americans who have impaired credit histories, the availability of credit will be even more dramatically reduced. The existing ability to repay requirements have already severely reduced the availability of credit to lower income and selfemployed Americans. If past payment history needs to be evaluated as well, the availability of credit will be reduced even further.

Finally, "Credit History" needs to be removed because it violates the basic American belief in redemption and forgiveness. By including "Credit History" in the list of factors required to be analyzed prior to a creditor making a consumer loan, the Federal Reserve Board is codifying a system that punishes tens of millions of Americans for their past behaviors, prevents them from leaving their past failures behind, and prevents them from moving forward with their lives.

Fairway Consumer Discount Co. is a small, family owned lender, serving customers in Northeastern Pennsylvania for over 50 years. We specialize in making loans without regard to credit history. We do not sell any of our loans; and, if the loan goes bad, it is our own money that we are losing. Our 50 years of experience tells us that a customer's past "Credit History" is not a predictor of how well the customer will repay the loan we are making. Please let our experience be your guide.

In summary, I urge the Federal Reserve Board to eliminate "Credit History" from the list of factors a creditor must examine in order to verify a consumer's ability to repay a consumer loan. Not only is it unnecessary, it will also surely cause the price of credit to increase for those that can get a loan, and will cause the availability of credit to shrink even further for the poor, the self-employed and the credit impaired.

Respectfully Submitted,



Mark Warshal
Vice-President